

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY JPA  
(dba CAP SOLANO)  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
FOR THE YEAR ENDED JUNE 30, 2007**

## **Management's Discussion and Analysis**

This section of Solano Safety Net Consortium Community Action Agency's (CAP-Solano) financial statements presents a discussion and analysis of the agency's financial performance during the fiscal year ended June 30, 2007. This discussion and analysis is intended to serve as an introduction to the agency's basic financial statements. Please read it in conjunction with the basic financial statements included in this report.

### ***Government Wide Financial Statements***

Government Wide Financial Statements are designed to provide readers with a broad overview of information on all Solano Safety Net Consortium Community Action Agency's finances, in a manner similar to a private sector business. The Statement of Net Assets presents information on all Solano Safety Net Consortium Community Action Agency's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Solano Safety Net Consortium Community Action Agency is improving or deteriorating. For the year ended June 30, 2007 net assets decreased \$50,609 for total net assets of \$(20,923). The budget committee has revised the 2007/2008 budget and adjusted the timing of some expenditures and a decrease in others to provide an increase in net assets in the future years.

The Statement of Activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of these government wide financial statements distinguish functions of Solano Safety Net Consortium Community Action Agency's that are 100% supported by grants received and contracts for service. These governmental activities of Solano Safety Net Consortium Community Action Agency JPA include Community Services Block Grants and homeless programs. Solano Safety Net Consortium Community Action Agency does not engage in any business type activities.

### ***Notes to the Basic Financial Statements***

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government wide financial statements. The notes may be found on pages 5-8 of this report.

### ***Requests For Information***

This report is designed to provide a general overview of Solano Safety Net Consortium Community Action Agency's finances for all those with an interest in the agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Solano Safety Net Consortium Community Action Agency, 1545 N. Texas Street, Suite 301, Fairfield, California 94533.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

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**TREON & COMPANY, CPA**  
2050 Moontree Drive  
Sacramento, California 95833  
**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of  
Solano Safety Net Consortium Community Action Agency  
Fairfield, California**

We have audited the accompanying statement of net assets of Solano Safety Net Consortium Community Action Agency as of June 30, 2007, and the related statements for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

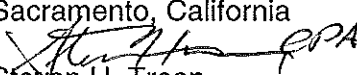
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position Solano Safety Net Consortium Community Action Agency of as of June 30, 2007, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 15, 2008 on our consideration of Solano Safety Net Consortium Community Action Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on the preceding page I is not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Solano Safety Net Consortium Community Action Agency taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

TREON & COMPANY, CPA  
Sacramento, California  
  
Steven H. Treon,  
Certified Public Accountant  
March 15, 2008

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**STATEMENT OF NET ASSETS  
GOVERNMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

**ASSETS**

Current Assets:

Cash		\$	0
Accounts Receivable			
Rosewood	\$	11,482	
VSSC		<u>7,300</u>	18,782
Grants receivable			
Grant Receivable CSBG 06F-4747		12,125	
Grant Receivable HUD Caminar CA01B518003		106,867	
Grant Receivable HUD YSF Rosewood CA01B418003		96,644	
Grant Receivable HUD Prior Period		39,506	
Grant Receivable HUD VSSC Trans Housing CA01B418001		46,728	
Grant Receivable HUD HACs CA01B618004		<u>52,361</u>	<u>354,231</u>
Total Current Assets			373,013
Total Assets		\$	<u><u>373,013</u></u>

**LIABILITIES AND FUND BALANCE**

Current Liabilities:

Accounts payable	\$	102,272
Intergovernmental Payable		191,462
Deferred Revenues CSBG 06F-4747		23,390
Outstanding Warrants		<u>76,712</u>
Total Liabilities		<u>393,836</u>
Total Fund Balance		(20,823)
Total Liabilities and Fund Balance	\$	<u><u>373,013</u></u>

The accompanying notes are an integral part of these financial statements.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**STATEMENT OF ACTIVITIES AND CHANGE IN FUND BALANCE  
GOVERNMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

**REVENUES**

Intergovernmental - Solano County	\$ 86,975
Miscellaneous Revenue and Admin Fees	1,180
Grants:	
Community Service Block Grant 07F-4823	0
Community Service Block Grant 06F-4747	283,681
HUD Caminar CA01B918001	50,254
HUD Caminar CA01B518003	56,613
HUD YFS Rosewood CA01B418003	58,466
HUD YFS Rosewood CA01B518003	51,459
HUD HACs CA01B518004 (Jul 06 - Mar 07)	146,719
HUD HACs CA01B618004 (Apr 07 - Jun 07)	52,361
HUD VSSC Helping Hands CA01B518002	53,479
HUD VSSC Helping Hands CA01B618002	46,728
<b>Total Revenues</b>	<b>887,915</b>

**EXPENDITURES:**

Safety Net Services:	
Contracted Services Capacity Building and Admin:	
PJ Davis & Associates	79,972
Home Base Center	10,178
Technologies	5,000
Interest Expense on County Pool	4,303
Solano County Accounting Financial Service	2,500
Legal and Professional Services	8,500
Insurance	3,888
Equipment Rental and Maintenance	5,372
Dues & Subscriptions	2,703
Office Expense	9,323
Training, Travel	4,665
Occupancy	13,524
Contracted Services:	
Youth & Family Services, Rosewood	104,726
Caminar Sereno Village Caminar	106,867
Vacaville Social Services Corporation - Helping Hands	94,242
Contracted Services HACs Case Management:	
PJ Davis & Associates	26,780
Home Base Center	10,000
Fairfield Suisun Community Action Council	9,000
Vacaville Community Welfare Association	17,675
Catholic Social Services	32,467
Youth & Family Services	65,438
Rio Vista Community Assistance Center	11,373
Dixon Family Services	14,222
Benica Community Action Council	12,125
Contracted Services Case Management CSBG:	
PJ Davis & Associates	76,571
Home Base Center	10,000
The Salvation Army Vacaville & Fairfield	40,860
Fairfield Suisun Community Action Council	19,942
Vacaville Community Welfare Association	4,998
Catholic Social Services	40,554
Rio Vista Community Assistance Center	19,560
Interfaith Concil of Solano County	18,360
Dixon Family Services	21,936
Benica Community Action Council	20,904
Vacaville Social Services Corporation	9,996
<b>Total Expense</b>	<b>938,524</b>

Excess/(Deficit) revenue over expense	(50,609)
<b>Net decrease in fund balance</b>	<b>(50,609)</b>
Fund balance July 1, 2006	29,786
<b>Fund balance June 30, 2007</b>	<b>\$ (20,823)</b>

All revenues and expenditures were received and paid by

Solano County Auditor-Controller's Office, except VSSC Helping Hands which was through the locks system.

The notes to financial statements are an integral part of this statement.

**SSNC-CAA**  
**STATEMENT OF CASH FLOWS**  
For the year ended June 30, 2007

	* 2007
Cash Flows From Operating Activities:	
Cash received from	\$
Grants	834,076
Solano County contribuion	86,975
Fees	1,180
Cash paid to employees and supplies	(870,167)
Net cash (used) by operating activities	<u>52,064</u>
Cash Flows From Financing Activities:	
Decrease in Solano County payable	(52,064)
Net cash provided by financing activities	<u>(52,064)</u>
Cash Flows From Investing Activities	
Net cash provided by investing activities	<u>0</u>
Net (Decrease) in Cash	
Cash June 30, 2006	<u>0</u>
Cash June 30, 2007	<u><u>\$ 0</u></u>
Reconciliation of Change in Net Assets	
to Net Cash (Used) by Operating Activities:	
Change in net assets	(50,609)
Prior period adjustment to net assets	0
Ajustments to reconcile change in net assets	
to net cash used by operating activities:	
Depreciation	0
(Increase) Decrease in:	
Accounts receivable	0.00
Grants receivable	22,747
Advances receivable	0
(Decrease) Increase in:	
Accounts payable	24,040
Deferred revenues	(734)
Outstanding warrents	<u>56,620</u>
Net Cash (used) by Operating Activities	<u><u>52,064</u></u>

The accompanying notes are an integral part of these financial statements.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity**

The Solano Safety Net Consortium, hereinafter (SSNC) was established September 14, 1999 and operates under a joint powers agreement between the Cities of Fairfield, Vacaville, Vallejo, Suisun City, Rio Vista, Benicia, Dixon and the County of Solano. SSNC administers human service programs to alleviate the conditions of poverty in Solano County with financial assistance provided by the Federal, State and Local governments and private sources.

**Basis of Presentation**

Government-wide financial statement - The balance sheet and the statement of activities display information about SSNC as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or active program of SSNC's governmental activities. Direct expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. SSNC allocates indirect expenses to programs based on allowable formulas approved by granting agencies. Program revenues include grants that are restricted to meeting the operations of a particular program. Revenues which are not classified as program revenues are presented as general revenues of SSNC. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or function is self-financing or draws from the general revenues of SSNC.



**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)**

1. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For SSNC, "available" means collectible within the current period or within ninety days after year end, depending on the revenue source. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Budgetary Information

SSNC's annual expenditure budget is approved by SSNC's Governing Board. SSNC's Governing Board is appointed by the governing bodies of the Solano County and each member city's governing body. SSNC is not authorized to exceed total budgeted expenditures. Any amendments that increase total budgeted expenditures must be approved and adopted by the Governing Board.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation, if any, on all assets is provided on a straight-line basis. At June 30, 2007, SSNC had \$0 capital assets.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2007  
(continued)**

2. Operating Lease Obligations

SSNC entered into a lease agreement for certain office space at 1545 N. Texas Street, Fairfield, CA, under a one year operating lease agreement on August 1, 2007. Future minimum lease payments are: \$12,360 for the year ending June 30, 2008.

3. Operating Agreement for Staffing and Administrative Services

SSNC had an agreement for professional services with Davis and Associates, because of professional knowledge, to act in the capacity of Executive Director and staff to the Solano Safety Net Consortium Community Action Agency. All payments to Davis and Associates are reviewed by the SSNC's board and signed by the Director of the Board.

4. Commitments and Contingencies

SSNC has received state, federal and local funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements would not be material.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>CFDA#</u>	<u>Grant Number</u>	<u>Expenditures</u>	<u>Budgeted</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
Passed-Through California Department of Community Services and Development				
Program Name:				
Community Services Block Grant	93.569	06F-4747	\$ 283,681	\$ 283,681
Community Services Block Grant	93.569	07F-4823	0	0
Subtotal CSBG Expenditures & Awards			<u>283,681</u>	<u>283,681</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMMUNITY PLANING AND DEVELOPMENT:</b>				
Passed-Through California Department of Housing and Community Development				
HUD Caminar	N/A	CA01B918001	50,254	50,254
HUD Caminar	N/A	CA01B518003	56,613	56,613
HUD YFS Rosewood	N/A	CA01B418003	58,466	58,466
HUD YFS Rosewood	N/A	CA01B518003	51,459	51,459
HUD HACs (Jul 06 - Mar 07)	N/A	CA01B518004	146,719	146,719
HUD HACs (Apr 07 - Jun 07)	N/A	CA01B618004	52,361	52,361
HUD VSSC Helping Hands	N/A	CA01B518002	53,479	53,479
HUD VSSC Helping Hands	N/A	CA01B618002	46,728	46,728
Subtotal HUD Expenditures & Awards			<u>516,079</u>	<u>516,079</u>
Total Expenditures of Federal Awards			<u>799,760</u>	<u>799,760</u>

**NOTES:**

**Basis of Presentation**

The Schedule of Expenditures of Federal and State Awards of Solano Safety Net Consortium Community Action Agency is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

The notes to financial statements are an integral part of this statement.

**SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY**

**SUPPLEMENTAL STATEMENT OF REVENE AND EXPENDITURES  
FOR GSBG CONTRACTS**

FOR THE YEAR ENDED JUNE 30, 2007

	Contract No. 06F- 4747	Contract No. 06F- 4747	Total Audited Costs	Total Reported Expenses	Total Budget
	July 1, 2006- Dec 31, 2006	Jan 1, 2007- June 30, 2007			
<b>REVENUES</b>					
Grant Revenue	\$ 143,494	\$ 140,187	\$ 283,681	\$ 283,681	\$ 557,876
Interest Income					
Outher Income					
Total Revenues	143,494	140,187	283,681	283,681	557,876
<b>EXPENDITURES</b>					
<b>Aministrative Costs:</b>					
Salaries & Wages					
Fringe Benefits					
Travel					
Occupancy					
Consumable Supplies					
Equipment Lease/Purchase					
Contracted Services	21,510	21,510	43,020	43,020	86,046
Other Costs					
Subtotal Administrative Costs	21,510	21,510	43,020	43,020	86,046
<b>Program Costs:</b>					
Salaries & Wages					
Fringe Benefits					
Travel					
Occupancy					
Consumable Supplies					
Equipment Lease/Purchase					
Contracted Services	0	10,000	10,000	10,000	20,000
Other Costs					
Subcontrator(s)	121,984	108,677	230,661	230,661	451,830
Subtotal Program Costs	121,984	118,677	240,661	240,661	471,830
Total Costs	143,494	140,187	283,681	283,681	557,876
Revenues over (under) costs	0	0	0	0	0

The accompanying notes are an integral part of these financial statements.

SOLANO SAFETY NET CONSORTIUM  
COMMUNITY ACTION AGENCY

SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES  
FOR GSBG CONTRACTS

FOR THE PERIOD JANUARY 1, 2006 - JUNE 30, 2007

	Contract No. 06F- 4747	Contract No. 06F- 4747	Contract No. 06F- 4747	Contract term 01/01/06 - 12/31/07			
	Jan 1, 2006- Jun 30, 2006	July 1, 2006- Dec 31, 2006	Jan 1, 2007- June 30, 2007	Total Audited Costs	Total Reported Expenses	Total Budget	Remaining Unexpended Budget
<b>REVENUES</b>							
Grant Revenue	\$ 134,467	\$ 143,494	\$ 140,187	\$ 418,148	\$ 418,148	\$ 557,876	\$ 139,728
Interest Income							
Other Income							
Total Revenues	134,467	143,494	140,187	418,148	418,148	557,876	139,728
<b>EXPENDITURES</b>							
<b>Administrative Costs:</b>							
Salaries & Wages							
Fringe Benefits							
Travel							
Occupancy							
Consumable Supplies							
Equipment Lease/Purchase							
Contracted Services	21,510	21,510	21,510	64,530	64,530	86,046	21,516
Other Costs							
Subtotal Administrative Costs	21,510	21,510	21,510	64,530	64,530	86,046	21,516
<b>Program Costs:</b>							
Salaries & Wages							
Fringe Benefits							
Travel							
Occupancy							
Consumable Supplies							
Equipment Lease/Purchase							
Contracted Services	0	0	10,000	10,000	10,000	20,000	10,000
Other Costs							
Subcontractor(s)	112,957	121,984	108,677	343,618	343,618	451,830	108,212
Subtotal Program Costs	112,957	121,984	118,677	353,618	353,618	471,830	118,212
Total Costs	134,467	143,494	140,187	418,148	418,148	557,876	139,728
Revenues over (under) costs	0	0	0	0	0	0	0

The accompanying notes are an integral part of these financial statements.

**TREON & COMPANY**  
**Certified Public Accountant**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of:  
Solano Safety Net Consortium Community Action Agency

We have audited the financial statements of Solano Safety Net Consortium Community Action Agency, as of June 30, 2007, and have issued our report thereon dated March 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

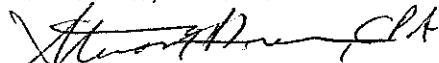
As part of obtaining reasonable assurance about whether Solano Safety Net Consortium Community Action Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Solano Safety Net Consortium Community Action Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TREON & COMPANY, CPA  
Sacramento, California



Stevan H. Treon  
Certified Public Accountant  
March 15, 2008

**TREON & COMPANY**  
**Certified Public Accountant**

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133a**

To the Board of Directors of:  
Solano Safety Net Consortium Community Action Agency

Compliance

We have audited the compliance of Solano Safety Net Consortium Community Action Agency, a nonprofit organization, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2007. Solano Safety Net Consortium Community Action Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Environmental Alternative's management. Our responsibility is to express an opinion on Solano Safety Net Consortium Community Action Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Solano Safety Net Consortium Community Action Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Solano Safety Net Consortium Community Action Agency's compliance with those requirements.

In our opinion, Solano Safety Net Consortium Community Action Agency complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Environmental Alternative is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Solano Safety Net Consortium Community Action Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

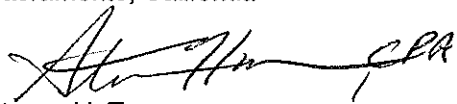
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

**TREON & COMPANY**  
**Certified Public Accountant**

**REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133a**  
(Continued)

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

TREON & COMPANY, CPA  
Sacramento, California

  
Stevan H. Treon  
Certified Public Accountant  
March 15, 2008



SOLANO SAFETY NET CONSORTIUM COMMUNITY ACTION AGENCY  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report on the financial statements expressed an unqualified opinion on the consolidated financial statements of SSNC-CAA".
2. No reportable conditions in internal controls were disclosed by the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements of SSNC-CAA were disclosed during the audit.
4. No reportable conditions in internal controls over the major federal awards programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal awards program for SSNC-CAA expresses an unqualified opinion.
6. The audit did not disclose any audit findings which were required to be reported under OMB Circular A-133.
7. The programs tested as a major was Homeless Assistance Centers.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. SSNC - CAA was determined to be low-risk auditee..

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAM AUDIT

None